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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

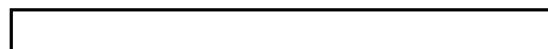
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PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events
5 - 18 June 1959

The first major extension of grant assistance by the USSR for an economic development project is to be provided to Afghanistan under the economic and technical assistance agreement signed on 28 May under which the USSR will construct as a gift a 470-mile road from Kushka to Kandahar, estimated to cost \$80 million.

The USSR has granted Indonesia a credit of \$5 million for the construction of a merchant marine academy at Amboina, the capital of the Molucca Islands. Completion of this project will strengthen the already predominant influence of the Bloc in Indonesian merchant shipping.

A Burmese trade delegation was scheduled to leave for Poland on 7 June to attend the Poznan Trade Fair and then proceed to Moscow and other Bloc capitals. The main purpose of the mission is to purchase goods in Bloc countries with which Burma has credit balances.

The USSR is putting increasing pressure on Cambodia to accept a Soviet offer to purchase crude rubber, reportedly at premium prices with payment in dollars. In the past, all Cambodian rubber has gone to Free World purchasers, although rubber has usually been designated as an export product in trade agreements concluded between Cambodia and the Bloc.

Indonesia on 16 June rejected a Soviet offer of a long-term rubber sales contract, stating that it would supply rubber to the USSR on an annual basis only.

Reliable sources report the presence in Guinea of a substantial number of Bloc technical and diplomatic personnel.

Libya decided on 20 May to reject a Soviet offer to construct and equip two hospitals because of Soviet insistence that the hospitals be staffed with Soviet doctors and nurses.

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Ghana has announced an exchange of notes with the USSR calling for "the development and strengthening of commercial relations between the two countries on the basis of equality and mutual benefit." Ghana will undertake to facilitate imports of Soviet-manufactured goods, and the USSR agreed to give "favorable consideration to the entry of Ghanaian primary commodities."

An Iraqi medical mission will leave for Moscow in late June to study possibilities of strengthening medical cooperation between Iraq and the USSR. About the same time, 42 Soviet physicians will arrive in Iraq to work in Iraqi medical institutions.

Egyptian experts reportedly will go to Moscow during June to sign contracts with the USSR for implementation of seven more projects included in the Soviet-Egyptian technical and capital assistance agreement of January 1958.

For several years the Sino-Soviet Bloc has offered radiobroadcasting transmitters and television stations to underdeveloped countries of the Free World. This equipment is usually offered on very liberal terms or as an outright gift. Bloc radiobroadcasting transmitters are currently being installed in the Middle East and in Southeast Asia, and West Africa may soon receive similar equipment.

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